

**Greater Mount Olive Missionary
Baptist Church Outreach Ministry**

Baton Rouge, Louisiana

*Financial Statements
and Supplementary Information*

and

Agreed-Upon Procedures

Year Ended June 30, 2013

William D. Mercer, CPA
A PROFESSIONAL ACCOUNTING CORPORATION

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WILLIAM D. MERCER, CPA

A PROFESSIONAL ACCOUNTING
CORPORATION

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Greater Mount Olive Missionary Baptist Church Outreach Ministry
Baton Rouge, Louisiana

I have reviewed the accompanying statement of financial position of Greater Mount Olive Missionary Baptist Church Outreach Ministry (a nonprofit organization) as of June 30, 2013, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

My review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The schedule of functional expenses on page 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of functional expenses on page 15 has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but has been compiled from information that is the representation of management. I have not audited or reviewed the schedule of functional expenses on page 15, and accordingly, I do not express an opinion or provide any form of assurance on it.

WILLIAM D. MERCER, CPA (APATZ)

December 31, 2013

3535 S. SHERWOOD FOREST BLVD., SUITE 201
BATON ROUGE, LA 70816
(225) 291-1411
(225) 291-1412
WMERCERCPA@COX.NET

GREATER MOUNT OLIVE MISSIONARY BAPTIST CHURCH
OUTREACH MINISTRY
Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION

June 30, 2013

ASSETS

CURRENT:

Cash and cash equivalents	\$ 31,627
Accounts receivable	<u>18,966</u>
Total Current Assets	<u>50,593</u>

PROPERTY AND EQUIPMENT:

Equipment and furniture	1,535
Less accumulated depreciation	<u>110</u>
Net Property and Equipment	<u>1,425</u>

TOTAL ASSETS	\$ <u><u>52,018</u></u>
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See accountant's review report.

LIABILITIES

CURRENT:

Accrued expenses \$ 3,000

TOTAL LIABILITIES (all current) 3,000

NET ASSETS

Permanently restricted -

Temporarily restricted -

Unrestricted 49,018

TOTAL NET ASSETS 49,018

TOTAL LIABILITIES AND NET ASSETS \$ 52,018

See accountant's review report.

GREATER MOUNT OLIVE MISSIONARY BAPTIST CHURCH
OUTREACH MINISTRY
Baton Rouge, Louisiana

STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS

Year Ended June 30, 2013

	<u>Unrestricted</u>
REVENUES:	
Food service revenues	\$ 28,605
Government contracts and grants	181,784
Tuition and fees	20,236
Other revenues	<u>741</u>
 Total Revenues	 <u>231,366</u>
EXPENSES:	
Program services	215,463
 Support services:	
Management and general expenses	<u>2,361</u>
 Total Expenses	 <u>217,824</u>
 Net of Revenues over Expenses	 13,542
 NET ASSETS, beginning of year	 <u>35,476</u>
 NET ASSETS, end of year	 \$ <u><u>49,018</u></u>

See accountant's review report.

GREATER MOUNT OLIVE MISSIONARY BAPTIST CHURCH
OUTREACH MINISTRY
Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Net of Revenues over Expenses	\$ 13,542
Adjustments to reconcile net of revenues over expenses to net cash flows from operating activities:	
Depreciation	110
(Increase) decrease in accounts receivable	(9,251)
Increase (decrease) in accrued expenses	(4,428)

Net cash used by operating activities	(27)
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CASH FLOWS FROM INVESTING ACTIVITIES:

Cash payments for purchase of property	(1,535)
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NET DECREASE IN CASH	(1,562)
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CASH AND CASH EQUIVALENTS, beginning of year	<u>33,189</u>
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CASH AND CASH EQUIVALENTS, end of year	\$ <u><u>31,627</u></u>
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Cash payments for:

Interest	\$ <u>-</u>
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Income taxes	\$ <u>-</u>
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Noncash investing and financing activities:

None

See accountant's review report.

GREATER MOUNT OLIVE MISSIONARY BAPTIST CHURCH
OUTREACH MINISTRY
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Greater Mount Olive Missionary Baptist Church Outreach Ministry (the Organization) is a non-profit organization created to provide families and individuals with high quality accommodations in a safe environment that enhances personal well being and equips them with proper tools for everyday living. The Organization carries out this mission by operating a summer enrichment program for 6-8 weeks during the summer months for grades 1 through 8. Students follow a grade appropriate curriculum in preparation for the upcoming school year. The Organization provides meals to students attending these programs. The Organizations activities are provided by funds received from the Louisiana Department of Education, Greater Mount Olive Baptist Church, and private funds. As the Organization sees opportunities for community outreach, other programs may be considered.

Method of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Basis of presentation

Net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

GREATER MOUNT OLIVE MISSIONARY BAPTIST CHURCH
OUTREACH MINISTRY
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation (continued)

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed stipulations. Expenses are recorded as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated passage of time has elapsed) are reported as net assets released from restrictions.

As of June 30, 2013, the Organization had no temporarily restricted or permanently restricted net assets.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Organization regularly assesses these estimates and, while actual results could differ, management believes that the estimates are reasonable.

Significant estimates included in or affecting the presentation of the accompanying financial statements include estimated useful lives of property and equipment.

Cash and cash equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

GREATER MOUNT OLIVE MISSIONARY BAPTIST CHURCH
OUTREACH MINISTRY
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable

Accounts receivable represents state grants assistance which were unpaid at the balance sheet date. As of June 30, 2013, management believes that all accounts receivable would be fully collectible. Therefore, no allowance for doubtful accounts is recorded in the accompanying financial statements.

Property and equipment

All property and equipment is stated at cost. Expenditures for maintenance, repairs, and minor renewals are expensed as incurred. Major expenditures for renewals and betterments are capitalized.

As a general rule, when items are retired or otherwise disposed, accumulated depreciation is reduced by the accumulated amount of depreciation applicable thereto. Any gain or loss from such retirement or disposal is credited or charged to income in the year of the disposal.

Depreciation and amortization

Depreciation is computed on the straight-line method over the estimated useful lives of the various classes of depreciable assets, ranging from five to seven years.

The useful lives are estimated based on historical experience with similar assets, taking into account anticipated technological or other changes. The Organization periodically reviews these lives relative to physical factors, economic factors, and industry trends. If there are changes in the planned use of property and equipment or if technological changes occur more rapidly than anticipated, the useful lives assigned to those assets may be shortened, resulting in the recognition of increased depreciation and amortization expense in future periods.

GREATER MOUNT OLIVE MISSIONARY BAPTIST CHURCH
OUTREACH MINISTRY
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Organization reports contributions as restricted support if they are received with no donor or grantor restrictions that limit the use of the contributions. When a restriction expires (i.e., when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions are considered to be available for unrestricted use and recorded as such, unless specifically restricted by the donor.

Revenues from government agency contracts and fees are recognized in the period in which the Organization provides the service.

Income taxes

The Organization is a not-for-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income tax under Section 121(5) of Title 47 of the Louisiana Revised Statutes. Accordingly, no provision or liability for federal or state income taxes has been included in the accompanying financial statements.

The Organization's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Advertising

The Organization expenses the production costs of advertising the first time the advertising takes place, except for direct response advertising, which is capitalized and amortized over its expected period of future benefits. As of June 30, 2013, the Organization had no advertising classified as assets, and no advertising expenses were incurred or recognized for the year then ended.

GREATER MOUNT OLIVE MISSIONARY BAPTIST CHURCH
OUTREACH MINISTRY
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

In preparing the accompanying financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through December 30, 2013, the date the financial statements were available to be issued.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2013, were as follows:

Cash on hand	\$ -
Cash in bank – checking / savings	<u>31,627</u>
	\$ <u>31,627</u>

NOTE C – RELATED PARTY TRANSACTIONS

During the year ended June 30, 2013, the Organization leased facilities from Greater Mount Olive Baptist Church, a related nonprofit organization, under terms of an operating lease that required monthly payments of \$ 3,000, which expires in July 2013. Rent expense recognized under this lease totaled \$33,000 for the year ended June 30, 2013. Unpaid rent at June 30, 2013, totaling \$ 3,000 is recognized in the accompanying financial statements as accrued expenses.

The Organization utilizes the services of employees of Greater Mount Olive Missionary Baptist Church Day Care on a reimbursable basis. Payroll expenses recognized and paid for these employees totaled \$108,002 for the year ended June 30, 2013, and are included in the accompanying financial statements as a component of program and supporting expenses.

GREATER MOUNT OLIVE MISSIONARY BAPTIST CHURCH
OUTREACH MINISTRY
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE C – RELATED PARTY TRANSACTIONS

Additionally, the Organization utilizes facilities and equipment owned by Greater Mount Olive Missionary Baptist Church. No rent or other compensation is paid to this entity for the use of these facilities and equipment. The value of such usage is not determinable.

NOTE D – LEASE COMMITMENTS

As discussed in Note C, the Organization leased facilities from Greater Mount Olive Baptist Church, a related nonprofit organization, during the year ended June 30, 2013, under terms of an operating lease that required monthly payments of \$ 3,000 and which expires in July 2013. Rent expense recognized under this lease totaled \$33,000 for the year ended June 30, 2013.

Future minimum lease payments under all operating leases as of June 30, 2013, were as follows:

Year ended June 30,		
2014	\$	3,000
2015		-
2016 and later		-

NOTE E – SIGNIFICANT CONCENTRATIONS OF RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of grant and contract revenues.

As discussed in Note A, the Organization derives a significant portion of its revenues from grants and contracts administered by the Louisiana Department of Education. A reduction in the amount of revenue provided by the State of Louisiana, should this occur, could have a significant impact on the Organization's ability to carry out its activities at current levels.

SUPPLEMENTARY INFORMATION

GREATER MOUNT OLIVE MISSIONARY BAPTIST CHURCH
OUTREACH MINISTRY
Baton Rouge, Louisiana

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended June 30, 2013

	<u>Progam Services</u>	<u>Fundraising Services</u>	<u>Totals</u>
Contracted services	\$ 17,596	\$ -	\$ 17,596
Depreciation	-	110	110
Food supplies	40,145	-	40,145
Miscellaneous	2,946	-	2,946
Occupancy expense	33,000	-	33,000
Office expense	-	855	855
Payroll expenses	106,606	1,396	108,002
Student activities	3,855	-	3,855
Supplies	1,694	-	1,694
Textbooks and classroom supplies	8,316	-	8,316
Travel and professional development	<u>1,305</u>	<u>-</u>	<u>1,305</u>
Total	\$ <u>215,463</u>	\$ <u>2,361</u>	\$ <u>217,824</u>

See accountant's review report.

GREATER MOUNT OLIVE MISSIONARY BAPTIST CHURCH
OUTREACH MINISTRY
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2013

There were no findings or questioned costs for the year ended June 30, 2013.

GREATER MOUNT OLIVE MISSIONARY BAPTIST CHURCH
OUTREACH MINISTRY
Baton Rouge, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

The prior accountant's report for the year ended June 30, 2012, dated December 27, 2012, disclosed no findings or questioned costs.



WILLIAM D. MERCER, CPA

A PROFESSIONAL ACCOUNTING
CORPORATION

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Greater Mount Olive Missionary
Baptist Church Outreach Ministry and
the Legislative Auditor, State of Louisiana

I have performed the procedures included in the *Louisiana Audit Guide* and enumerated below, which were agreed to by the management of Greater Mount Olive Missionary Baptist Church Outreach Ministry, hereinafter referred to as the Organization, and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Greater Mount Olive Missionary Baptist Church Outreach Ministry's compliance with certain laws and regulations during the year ended June 30, 2013, included in the accompanying Louisiana Attestation Questionnaire. Management of Greater Mount Olive Missionary Baptist Church Outreach Ministry is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

My procedures and findings are as follows:

Federal, State and Local Awards

1. Determine the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Greater Mount Olive Missionary Baptist Church Outreach Ministry's state award expenditures for all state programs for the fiscal year follow:

<u>State Grant and Contract Name</u>	<u>Grant Year</u>		<u>Amount</u>
Scholarships for Education Excellence	2012-2013	\$	129,000
Child and Adult Care Food Program (CACFP)	2013	\$	48,269

2. For each federal, state, and local award, randomly select six disbursements from each award administered during the period under examination, provided that no more than 30 disbursements would be selected.
3. For the items selected in Procedure 2, trace the six disbursements to supporting documentation as to proper amount and payee.

I examined supporting documentation for each of the six selected disbursements from each state award and found that payment was for the proper amount and made to the correct payee.

4. For the items selected in Procedure 2, determine if the disbursements are properly coded to the correct fund and general ledger account.

All of the payments were properly coded to the correct fund and general ledger account.

5. For the items selected in Procedure 2, determine whether the disbursements received approval from proper authorities.

Inspection of documentation supporting each of the selected disbursements indicated approval from a member of Organization management and/or the Director.

6. For the items selected in Procedure 2: For federal awards, determine whether the disbursements complied with the applicable specific program requirements summarized in the *Compliance Supplement* (or contained in the grant agreement, if the program is not included in the *Compliance Supplement*) and for state and local awards, determine whether the disbursements comply with the grant agreement, relating to:

Activities allowed or unallowed

I reviewed the disbursements for types of services or expenditures allowed or not allowed. No discrepancies were noted.

Eligibility

I reviewed the disbursements for eligibility requirements. No discrepancies were noted.

Reporting

I reviewed the disbursements for reporting requirements. No discrepancies were noted.

7. For the programs selected for testing in Procedure 2 that had been closed out during the period under review, compare the close-out report, when required, with the agency's financial records to determine whether the amounts agree.

None of the awards listed were closed out during the period under review.

Open Meetings

8. Examine evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law).

Greater Mount Olive Missionary Baptist Church Outreach Ministry is required to post a notice of each meeting and the accompanying agenda on the door of the Greater Mount Olive Missionary Baptist Church Outreach Ministry office building. Management has asserted that no meetings requiring such posting were held during the period under review.

Budget

9. For all grants exceeding five thousand dollars, determine that each applicable federal, state, or local grantor agency/agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objective and measure of performance.

Greater Mount Olive Missionary Baptist Church Outreach Ministry provided detailed budgets to the applicable state grantor agency for programs mentioned previously. These budgets specified the anticipated uses of the funds, estimates of the duration of the programs, and plans showing specific goals and objectives that included measures of performance.

Prior Comments and Recommendations

10. Review any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

The accountant's report for the prior year ended June 30, 2012, disclosed no findings, questioned costs, recommendations, or comments.

I was not engaged to, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of management of Greater Mount Olive Missionary Baptist Church Outreach Ministry, its Board of Directors, the Louisiana Department of Education, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their pruposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

William J. MERRITT, CPA (APAC)

Baton Rouge, Louisiana
December 31, 2013

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-Public Agencies)

Dear Chief Executive Officer:

Attached is the Louisiana Attestation Questionnaire that is to be completed by you or your staff. This questionnaire is a required part of the review/attestation engagement of Louisiana quasi-public agencies. Upon completion, the questionnaire must be presented to and adopted by the governing body, if any, of your organization by means of a formal resolution in an open meeting. The chief executive officer of a quasi-public agency without a governing body should sign the document, in lieu of such a resolution.

The completed questionnaire and a copy of the adoption instrument, if appropriate, **must be given to the independent certified public accountant at the beginning of the engagement.** The CPA will, during the course of his engagement, perform certain agreed-upon procedures to the responses in the questionnaire. It is not necessary to return the questionnaire to my office.

Certain portions of the questionnaire may not be applicable to your organization. In such cases, it is appropriate to mark the representation "not applicable." However, you must respond to each applicable representation. A 'yes' answer indicates that you have complied with the applicable law or regulation. A 'no' answer to any representation indicates a possible violation of law or regulation and, as such, should be fully explained. These matters will be reviewed by the independent CPA during the course of his engagement. Please feel free to attach a further explanation of any representation.

Your cooperation in this matter will be greatly appreciated.

Sincerely,

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor

November 18, 2013 (Date Transmitted)


Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [☒] No [☐]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

_____	Secretary	_____	Date
_____	Treasurer	_____	Date
	President	11/25/13	Date